



## Podcast Transcript

# Assessing Risks in a Deal, How to Partner with Your Business Team

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**Guest:** Jaqueline Lesser **Host:** Randall Rubenking

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**For questions and comments contact:**



## Jacqueline Lesser

Counsel  
Philadelphia  
T: 212.589.2155 | [jlleser@bakerlaw.com](mailto:jlleser@bakerlaw.com)

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Rubenking: Businesses are not stagnant, and products change both in name and content. Brands are required as part of an acquisition, lines are extended in licenses, product lines are extended as businesses change. How do attorneys work with their clients to maintain brand initiatives during business deals and transitions? I'm Randall Rubenking, and you're listening to BakerHosts.

On today's episode, we discuss the different strategies for companies' branding in the context of an acquisition of a new brand. This could be a line development and expansion of a product in a licensing arrangement or co-branding arrangement. Listen to specific questions to consider and strategies with Jacqueline Lesser, Counsel in the Intellectual Property Group, and member of the Trademark and Copyright team, and Digital Transformation and Data Economy team. Jacqueline has been a brand strategist and trademark and copyright counsel for U.S. and international companies. Welcome Jacqueline.

Lesser: Thanks Randall.

Rubenking: Jacqueline, what kind of deals come up that involve these trademark branding and rebranding?

Lesser: So, Randall, in any company you have primary brands and sometimes those brands change over time, we see that with sports teams, and more recently brands become old, stale, outdated and although the products and services are the same, the company needs to rebrand and come up with a completely different mark. We see this in companies that expand overseas, and they want a unified mark and they cannot use the mark in other countries, either others have

the mark or it has an unfavorable connotation there. We see this where a company's brand evolves and the product line actually expands, so that newer products and services are also included, and the company wants something that covers all of those product or services under a certain mark. And we also see this where a company acquires, either has an acquisition of a different business altogether and although they have purchased another company and completely different services they want to come up with a new name and have a fresh slate, a clean slate there.

Rubenking: Very good. Now in this context, what do you mean by transitions?

Lesser: So, by transitions, and that's really not a term that trademark attorneys use because some trademark attorneys look at the brand name as very separate from the business. I use that term because what I like to look at it is the brand name really is always the goodwill of the company. And the goodwill of the company follows how the company moves over time. So, if a company is modernizing and they see that their consumer base is different they may want to come up with sort of different visual imagery. If a company is partnering and co-branding, that creates a different business as well and the mark, although it is a steady mark, and it's continued, there are sort of some, it needs to flex in a way. A company may transition to a new brand because they've gone into other product lines and because they've gone overseas, they have different markets, and those are all transitions. They're really business transitions that affect their brands.

Rubenking: Okay, well, now as companies go through this sort of thing can you tell us about some of the particular risks that are involved with this?

Lesser: So, as a, in terms of trademarks, big risks and this also goes for copyrights as well, is whether or not somebody else can claim rights that you want for your own. So, one risk is the company wants to go into the new markets that it considers major markets and they do a clearance search and the clearance search shows that there are companies out there that may have similar or competing marks. What does that mean? Will it mean that your client will not be able to get a registration in those countries? Does it mean that the client is vulnerable possibly to an infringement suit? Those are all risks that come up.

Other risks may be that the mark has a certain connotation. I mean there are always funny stories of companies choosing trademarks that are a bad word in another language or have a negative connotation in another language. So, those are, and in many situations like that there've been instances where companies actually clear marks. They go through the whole process, but they don't bother to ask their marketing teams in other countries whether or not it's actually a good mark for that business, if it means something bad. A very common example of this, it might date me a little bit, is Chevrolet had a car, the Nova, which, might mean one thing in certain languages but nova means don't go in Spanish and so clearly that's not a great trademark to use as a brand name for a car.

Rubenking: That's funny, because I actually remember the Nova story going around, and it's pretty good.

Lesser: Yeah.

Rubenking: Well then, what kind of risks are good risks?

Lesser: Look, any change to the status quo creates some kind of risk with respect to a brand. And lawyers generally are risk averse. Business units may not be. It really depends on the industry. Certain types of industries are very, very risk averse and others are not. But any change is a change to the status quo and a good risk is a change to the status quo. It's the building of an identifiable brand. It's actually really great to watch a company roll out a new brand and to see the brand recognition in the marketplace that goes along with it.

Rubenking: That's very interesting.

Lesser: What some companies do in terms of how they evaluate this is they can have test, they can have test marks that they can use to see whether or not, whether their consumers identify with the new brand, they can do beta testing, they can do other tests so they can actually evaluate whether or not this is a good mark. Essentially, as a trademark owner you're trying to create brand awareness for your new brand and you do not want to tread on the toes of others. The whole point is to create something that is uniquely yours and will not be viewed as another's mark.

Rubenking: What are examples of the questions to ask the business units?

Lesser: I mean in terms of what to ask, you want to ask the business units how risky they are. You want to ask them whether or not a mark means something. For example, you can ask me to do a search and I may say that there are no trademark registrations out there for a certain mark but it turns out that the business units are looking at this, not as a trademark, but as sort of as a category of a product. It's really generic for what the product is and that it really has never been intended to be used as a mark. That is something that I need to know as the trademark attorney because my instructions may be to pick a brand that you will use with this new service or business and to not, so that you are not in a situation where the company is vulnerable to competitors using the same terminology to simply describe what their product is.

So, it's very important as a trademark attorney to understand what the business is about and what the brand is. It's also very important to ask when the new mark will actually be adopted and how it will be adopted. Whether this is something in the works for a year from now, for six months from now, has it already been adopted? Those are all very important questions in terms of trying to roll out any changes. Other questions that are very important to ask are: if this is a product, not a service, and trademarks are distinguished that way. If it's a product, it's something I can throw against the wall or pick up or hit, and if it's a service it's something that is intangible, is it physical. But if they are products I want to know

where they're being made. Are they, because I may want to tell, we may want to brand in countries where we aren't, the mark isn't being used on products sold there but it is being used on products manufactured there.

We also want to know how risk averse a company is because there's no one-size-fits-all in terms of how companies brand their products and how they move forward. Some companies are very risk averse and that may be part of a strategy in terms of that particular business. And some companies are not. It's not as though they are trying to tread on a competitor's shoes at all but they are willing to live with more ambiguity as to whether a mark will become registered, because the registration process can be very ministerial in certain countries and it may not necessarily be based on actual market conditions and true competitors in the marketplace.

Rubenking: Thank you, obviously there's a lot to consider there. Now, how do you support a company's decision makers in the process?

Lesser: Well, so, in terms of supporting the company's decision makers, both in-house and outside counsel have a similar role. And the first and maybe the last step is the, is in-house counsel. So, you don't want to be the land of no. So, you do want to lay out all of your concerns as lawyers that would affect the business. Whether or not that it is, whether, if a company needs a registration before they move forward on their business, how long that would take if there are issues, if there are possible objections by a trademark office, what that would look like in terms of time. How much, what kinds of risk there would be if let's say, there, someone receives a cease and desist letter from another party, whether or not that's viable and whether or not that's something that a company wants to live with even if it's not a legitimate case, whether that would somehow slow the process down and you want to be able to work with the company on how they are going to shape their business. Because the mark follows the business so you want to make sure that the business operations continue to move forward in the process.

They're questions that I ask. I mean, I want to know what somebody is going to be doing in the next five years, let's say. Where do they see their business? Also you want to know what's the deal. Is the deal my client is acquiring a third party and third-party branding. I might look and see what those marks look like and how they will be integrated into my client's plans and whether the mark will be changed. Where the company sees itself in five years, how they see, how they envision their marks being used going forward. Because it's not a stagnant process. Businesses move forward and that's really what we're trying to protect. We're trying to protect the business as it's moving forward under a brand so that consumers will continue to identify the company with that brand. And we want to make sure that the brands are enforceable against third parties and that they retain their strength over time. And so looking into the future is really the most important question, that raises the most important questions.

Rubenking: Thank you, Jacqueline. If you have any questions for Jacqueline, her contact information is in the show notes. As always, thanks for listening to BakerHosts.

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